

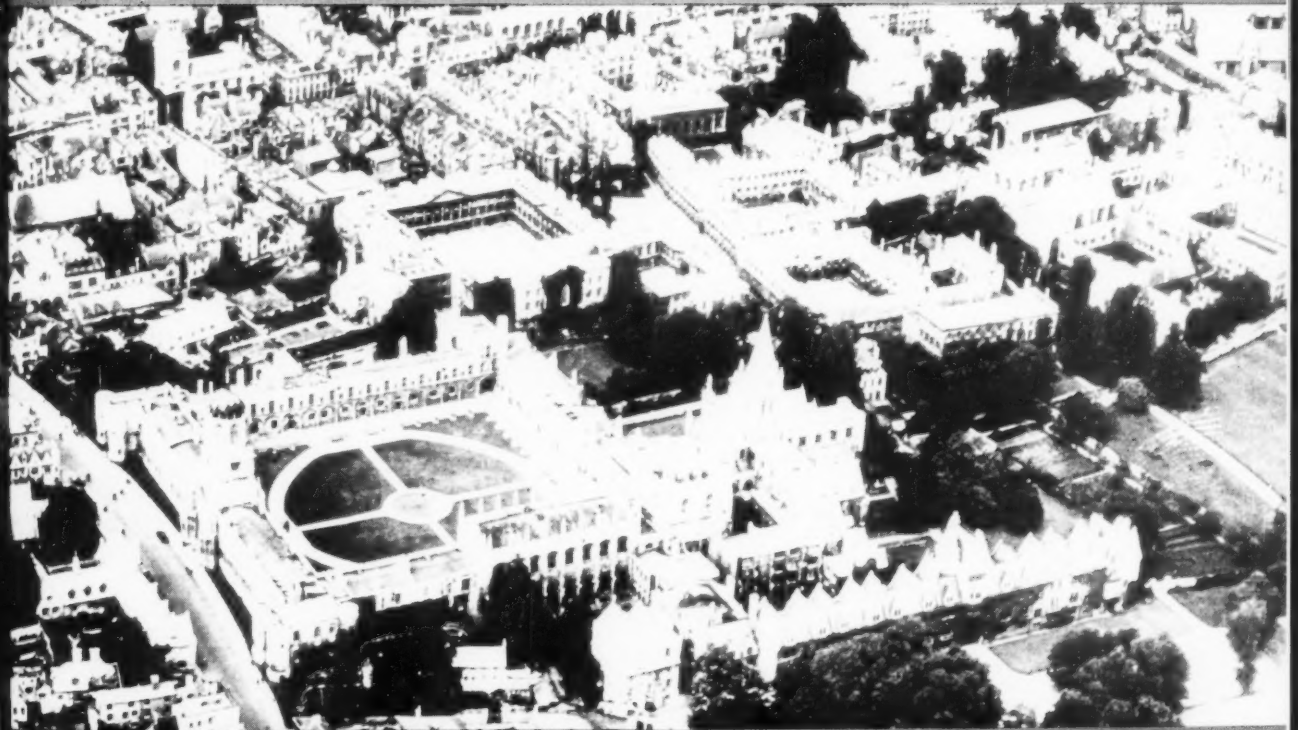
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PUBLIC RELATIONS JOURNAL

FEBRUARY 1960



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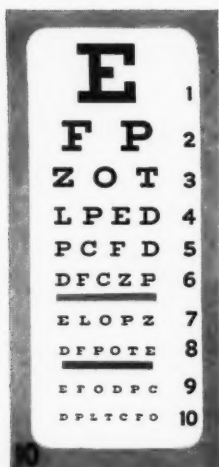
By Robert L. L. McCormick

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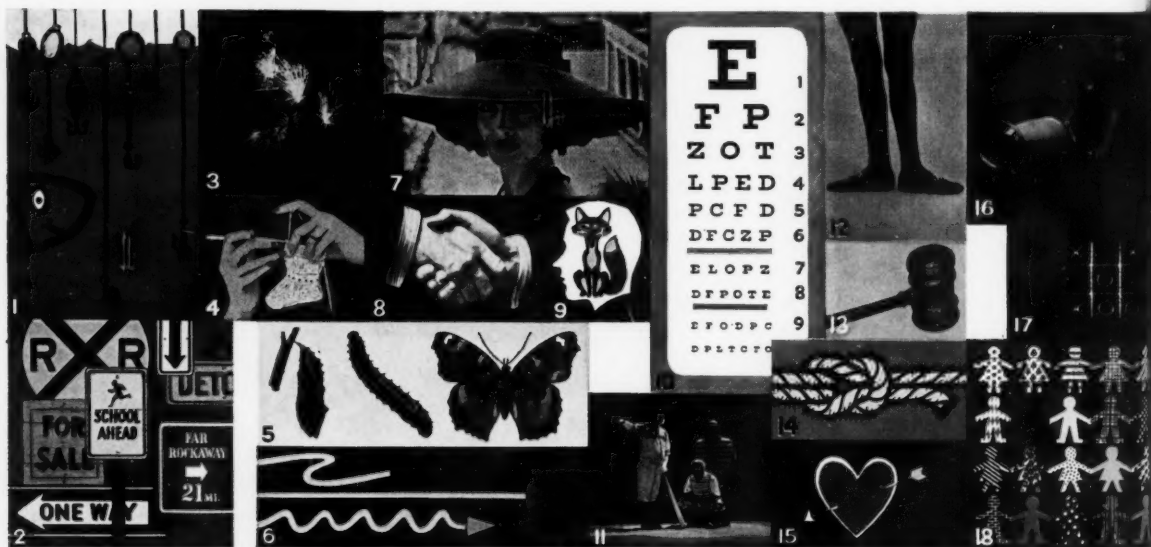
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A JOURNAL OF OPINION IN THE FIELD OF PUBLIC RELATIONS PRACTICE

PUBLIC RELATIONS JOURNAL

VOLUME XVI

FEBRUARY 1960

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(MR.) SHIRLEY D. SMITH
Executive Director

ON THE COVER: OXFORD UNIVERSITY, where Lord Bryce studied and wrote. In 1888, His Lordship, James Bryce wrote his epic work, *The American Commonwealth*, which devoted no less than 125 pages to the enigma, "public opinion." His Lordship found it to be a fascinating subject; in fact most of the things he had to say then still apply closely to the current scene. See page 6 for "Lord Bryce Revisited" written by Robert L. L. McCormick of Washington, D. C.

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Editorial

U. S. PUBLIC OPINION IN 1888 AND NOW

● Lord Bryce wrote a book called "The American Commonwealth" back in 1888. In it he devoted a large section to public opinion.

One might expect it to be far off the track and even laughable today because of the many changes which swept through three intervening generations. But oddly enough most of the passages on public opinion apply closely to the current scene. The author's analyses proved so fundamental and discerning that much of his writing can serve as a kind of guide book for students of public opinion in the 1960's.

Robert McCormick of McCormick Associates Incorporated, Washington, D. C., has prepared a stirring commentary which includes numerous high spot quotations for this month's JOURNAL. As he says, every public relations practitioner spends time and effort in coping with phases of public opinion. A study of the book "may help to restore perspective if we pause now and then to remind ourselves that this same great, inscrutable force excited and challenged—long ago—one of the keenest sociologists ever produced in the Western world."

Bryce made comments such as this:

"Towering over Presidents and State governors, over Congress and State legislatures, over conventions and the vast machinery of party, public opinion stands out, in the United States, as the great course of power, the master of servants who tremble before it."

The author even discussed the "playback principle" which still seems fairly new to many moderns. Bryce defined it in part as follows:

"... mutual action and reaction of the makers or leaders of opinion upon the mass, and of the mass upon them, is the most curious part of the whole process by which opinion is produced."

He said that the flow and counter-flow of ideas between leaders and the "masses" dominated the opinion atmosphere in the young republic, whereas in old societies of Europe, the views of leadership flowed outward virtually unobstructed by opinions of the multitude.

Regarding our own opinion leaders, however, he felt that 10 men who *care* are worth 100 who do not.

Much down-to-earth comment by Bryce had to do with such subjects as the small business man, the executive, business and politics, political parties, candidates and conventions.

Naturally Lord Bryce couldn't hit the nail on the head every time. For instance, labor unionism was weak in those days and he merely judged by what he observed.

Some may question part of what he wrote about America having a classless society. He said:

"In America . . . cause for action of any class as a class can (not) be said to exist. Hence classes have not been prime factors in American politics or in the formation of native political opinion."

But most will find Lord Bryce's views on politics and business unusually interesting, stimulating and correct in many instances.

As Mr. McCormick sums up, public opinion is something special, not to be tampered with, and to be approached with honesty and discretion. It is a priceless national asset and we are measured by how well we carry out our own responsibilities.


* * *

Another vigorous article in this issue of the JOURNAL is entitled "Improving Public Relations for Modern Banks." George Watts, the author, is Vice President of the Republic National Bank of Dallas. His comments stem from both his own knowledge and experience and also from a recent survey of many of the nation's leading banks. He stresses the importance of well-qualified public relations specialists having more direct contacts with top managements of banks. He states that public relations ability, skills and arts should be regarded as "earning assets" and that the bank which looks upon public relations know-how in this light will move ahead of its neighbor, other things being equal.

Leopold Lippman has penned an unusual article on the contributions of public relations in developing better race relations.

This being the busiest season in most companies for devoting attention to stockholder relations, the current issues presents two articles on phases of that subject. Paul L. Watkins has made a study of information contained in annual reports and gives us an analysis and commentary on his research. George Radding offers facts and opinions about developments in the field of dividend notices.

Numerous other articles and features are now in preparation for the coming months. We believe they will have both interest and value for our readers. ●



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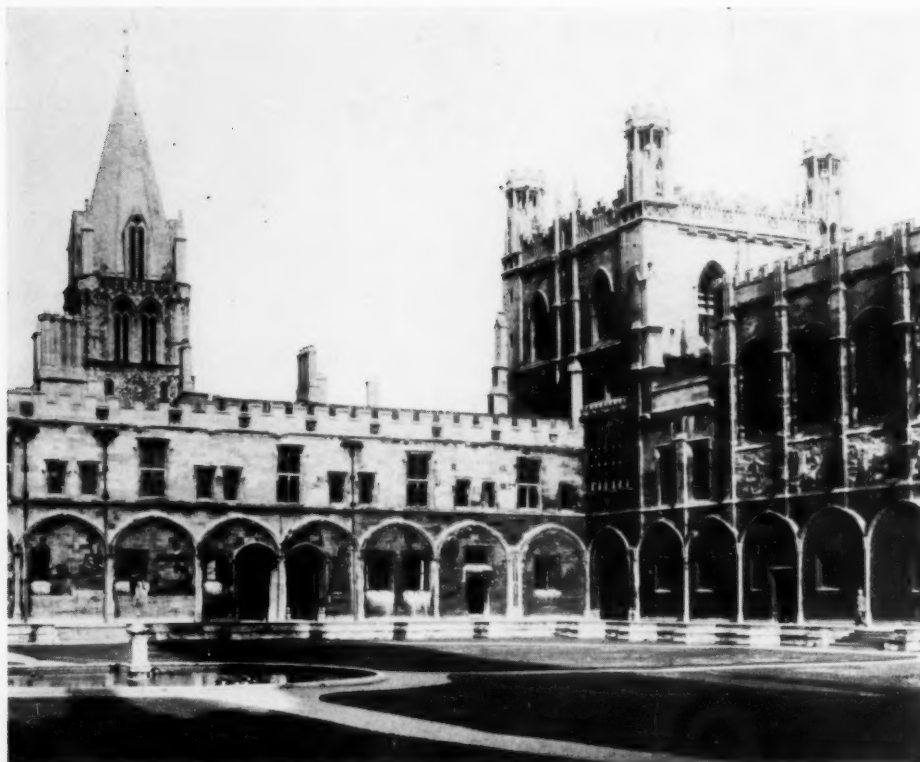
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OXFORD UNIVERSITY: Where Lord Bryce studied.

LORD BRYCE REVISITED

By Robert L. L. McCormick

● Every public relations professional spends many difficult hours pondering one of the most nebulous, mysterious, and yet dynamic forces in society. We call it "public opinion." It occupies so much of our time and demands so much of our energies that it is no wonder we sometimes approach it as explorers braving a new and terrifying frontier.

It may help to restore perspective if we pause now and then to remind ourselves that this same great, inscrutable force excited and challenged—long ago—one of the keenest sociologists ever produced in the Western world . . . His Lordship, James Bryce.

Bryce, in his epic work, *The American Commonwealth*, published in 1888, devoted no less than 125 pages to the enigma, "public opinion." He found it then, as we in the public re-

lations profession find it today, a fascinating and many-sided field of inquiry, well worthy of the penetrating gaze that he turned on the American institutional landscape.

But Bryce, revisited today, offers more than timeless insight. For the public relations practitioner, Bryce also offers solace and encouragement. For example, it is somehow comforting to know that 72 years ago there was a student of current events astute enough to recognize that:

"Towering over Presidents and State governors, over Congress and State legislatures, over conventions and the vast machinery of party, public opinion stands out, in the United States, as the great source of power, the master of servants who tremble before it."

As an intellectual pathfinder, Bryce somewhat grudgingly attributed earlier mention of "public opinion" to his countryman, Sir Robert Peel. In

1820, Peel spoke "with the air of a discoverer," Bryce pointed out, when he discussed "that great compound of folly, weakness, prejudice, wrong feeling, right feeling, obstinacy, and newspaper paragraphs, which is called public opinion."

But, so far as public opinion in the United States is concerned, Bryce seems to have been first and foremost with a really scholarly study in depth. De Tocqueville had written on the subject earlier, but not with the thoroughness of Bryce.

Nature and building of public opinion

With his perception for immutable fact, Bryce found that "the simplest form of public opinion is when a sentiment spontaneously rises in the mind and flows from the lips of the average man, upon his seeing or hearing something done or said."

Backing up this analysis from the *Iliad*, Bryce concluded that the fluid thoughts of men eventually crystallize into a solid mass. Step by step, he traced the process:

Opinion is born as a simple sentiment or expectation, gleaned perhaps from neighbor or newspaper. The infant notion starts to mature in the warmth (or chill) of one's own predilections, attitudes, and knowledge. Then it rubs elbows with its contemporaries—impressions received from fellow commuters on the steam cars or colleagues in the counting house. Public debate and controversy speed its growth until the original notion hardens into dogma, to be expressed with finality at the polling place.

From this biography of opinion, Bryce surmised that decisions springing from the ballot box could be, and often were, effectively influenced by the views of an active and articulate minority. He pointed to abolition as a case in point and drew the lesson that "in a free country 10 men who care are worth a hundred who do not"—a lesson which many years later escaped neither the Citizens Committee for the Hoover Report nor the Americans for Democratic Action.

'Playback principle'— then and now

Some of 1960's practitioners, perhaps treading professional footpaths they had heretofore bypassed, might look upon the "playback principle" as a young and little-tested revelation. Yet Bryce defined it for the ages:

POLITICAL CONVENTIONS—TRUE IN 1960?

"A convention is a body fitted neither by its numbers nor its composition for the discussion and sifting of political doctrines; but, even if it were so fitted, that is not the work to which its masters would set it. A 'platform' is invariably prepared by a small committee, and usually adopted by the general committee and by the convention, with little change. Its tendency is neither to define nor to convince, but rather to attract and to confuse. It is a mixture of denunciation, declamation, and conciliation. It reproaches the opposite party for their past misdeeds, and 'views with alarm' their present policy. It repeats the tale of the services which the party of those who issue it has rendered in the past, is replete with sounding democratic generalities, and attempts so to expand and expound the traditional party tenets as to make these include all sound doctrines, and deserve the support of all good citizens. At present neither platforms nor the process that produces them have a powerful influence on the maturing and clarification of political opinion."

"... mutual action and reaction of the makers or leaders of opinion upon the mass, and of the mass upon them, is the most curious part of the whole process by which opinion is produced."

This, of course, has proven to be just as true in the political atmosphere of "New Dealism" and "modern Republicanism" as it was when Grover Cleveland occupied the White House. The statesman may stand tall as a leader but only rarely—and then sometimes to his dismay—will he set a course to which "the mass of those who usually agree with him are not responsive."

Bryce, in charting the changeless outlines of the "playback principle," discovered a phenomenon new to the 19th Century. The flow and counterflow of ideas between leaders and the masses dominated the opinion atmosphere in the young republic of the United States; whereas in the old societies of Europe, the views of leadership flowed outward virtually unobstructed by the opinions of the multitude.

In those dying days of the Victorian era, public opinion in Europe traveled largely on a one-way street. Today, of course, conditions affecting public opinion across the Atlantic are much more comparable to conditions here at home where, as Bryce expressed it:

"There is no one class or set of men whose special function is to form and lead opinion. The politicians certainly do not. Public opinion leads them."

Surging interest in politics on the

part of enlightened businessmen has been described in various respected journals in recent months as something new and daring. Bryce wouldn't think so, although he might agree that "do-it-yourself-at-the-precinct-level" courses in political action represent laudable imaginative innovations.

Businessmen and politics

Bryce's observations on business in politics are worth reviewing for their application to this contemporary development. For instance...

- The small businessman in the United States is rarely able to seek a seat in the state legislature because he "can seldom leave the store."
- The business community harbors the finest executive talent in the country (although no longer, as in Bryce's day, "far more ability than is devoted to the public service of the State.")
- The businessman's "practical talent does not necessarily imply political insight."
- Businessmen are "shrewd, forcible, and daring" (but it remains a matter of opinion, no less, whether they are also, as Bryce believed, "uninteresting and intellectually barren outside the sphere of their business knowledge.")

Organized labor

Timeless as most of his reflections and findings are, Bryce's prescience seems to have lapsed somewhat when he diagnosed the American labor movement. First of all, he constructed his assumptions on a shaky foundation, for he likened the American republic to a "classless society."

"In America... cause for action of any class as a class can (not) be said to exist. Hence classes have not been prime factors in American politics or in the formation of native political opinion."

With all due respect to His Lordship, this was not wholly accurate in Bryce's day, nor is it true today. Like it or not, there was, and still is, something of a class structure in American society. To be sure, it is flexible and

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always open to diverse social interpretation, but it is there.

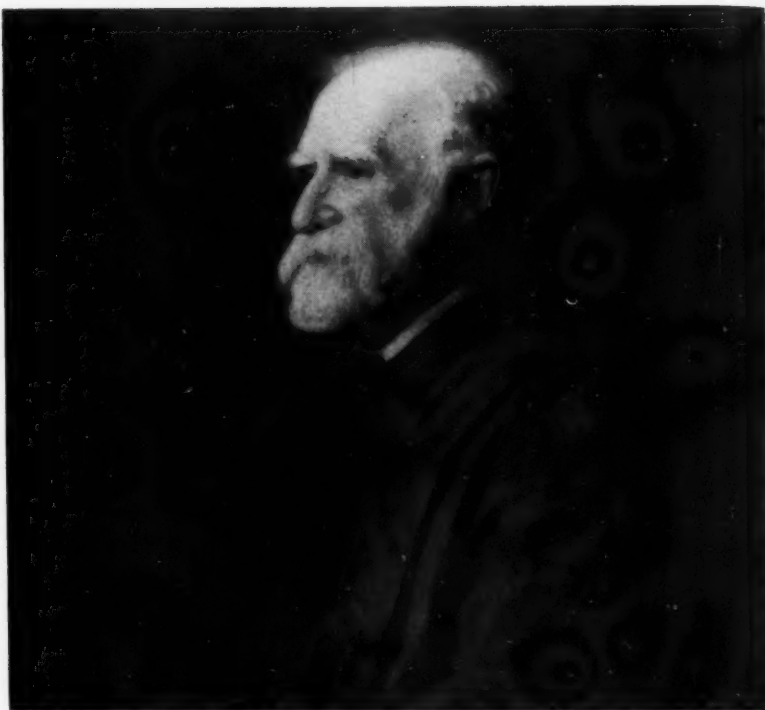
Yet Bryce found the "classless" nature of American society deeply satisfying. He sighted only a few clouds on the horizon, specifically the Knights of Labor and the efforts of immigrant workingmen—many of them British—to incite labor against management.

But even these ominous elements of class struggle "may prove to be transitory," he felt—on one of the notably few occasions when we can catch him whistling in the dark.

Yet the modern critic must concede that Bryce was appraising vastly different labor-management conditions. Lacking organization and leadership, the laboring American was hardly able to track his problems any farther than his own plant gate. Naturally, office-seekers paid him lip-service and promised him the moon—just as many do today. But he was in no position to "reward his friends and punish his enemies"—a *modus operandi* later to become effective under the direction of the Committee on Political Education (COPE).

There is still another concession we might make to Lord Bryce. For, while his view of class outlines was dulled by the sight of neat homes in the suburbs, he may have put his finger on one of the ironies of today's changing American scene. Weighing the presently static dimensions of the organized labor movement against the rise in home ownership, savings, and personal investments, isn't it possible that the pendulum which has leaned so far since Bryce's day may be starting to swing back again?

As we move into 1960, and look ahead to the momentous political events about to transpire, the public



72 YEARS AGO, Lord Bryce wrote a definitive study of American public opinion. Author at 26 of the celebrated Holy Roman Empire, distinguished Oxford don, jurist, public official and British Ambassador to the United States (1907-13), Bryce was a Victorian "uomo universale."

relations professional must recognize a sort of kinship with the observer who described the nation's leap-year experiences as "a sort of intermittent fever—what one may call a kind of quintan ague."

"Every fourth year, there come terrible shakings, passing into the hot fit of the presidential election; then follows what physicians call the 'interval'; then again, the 'fit.'"

Virtually the only symptom of presidential year "ague" missed by Bryce was the public opinion poll. All other signs, duly noted, are still to be observed today: special-interest pressures on candidates and conventions; dissident minorities within each party; front-page notoriety for those who bolt the ranks.

While the symptoms remain constant, there have been changes in degree. Voter turnout, for example, is proportionately lower today. Public opinion, on the other hand, is far less tolerant of poor performance and corruption in government at all levels.

Bryce, and other European observers, were sorely distressed by corrup-

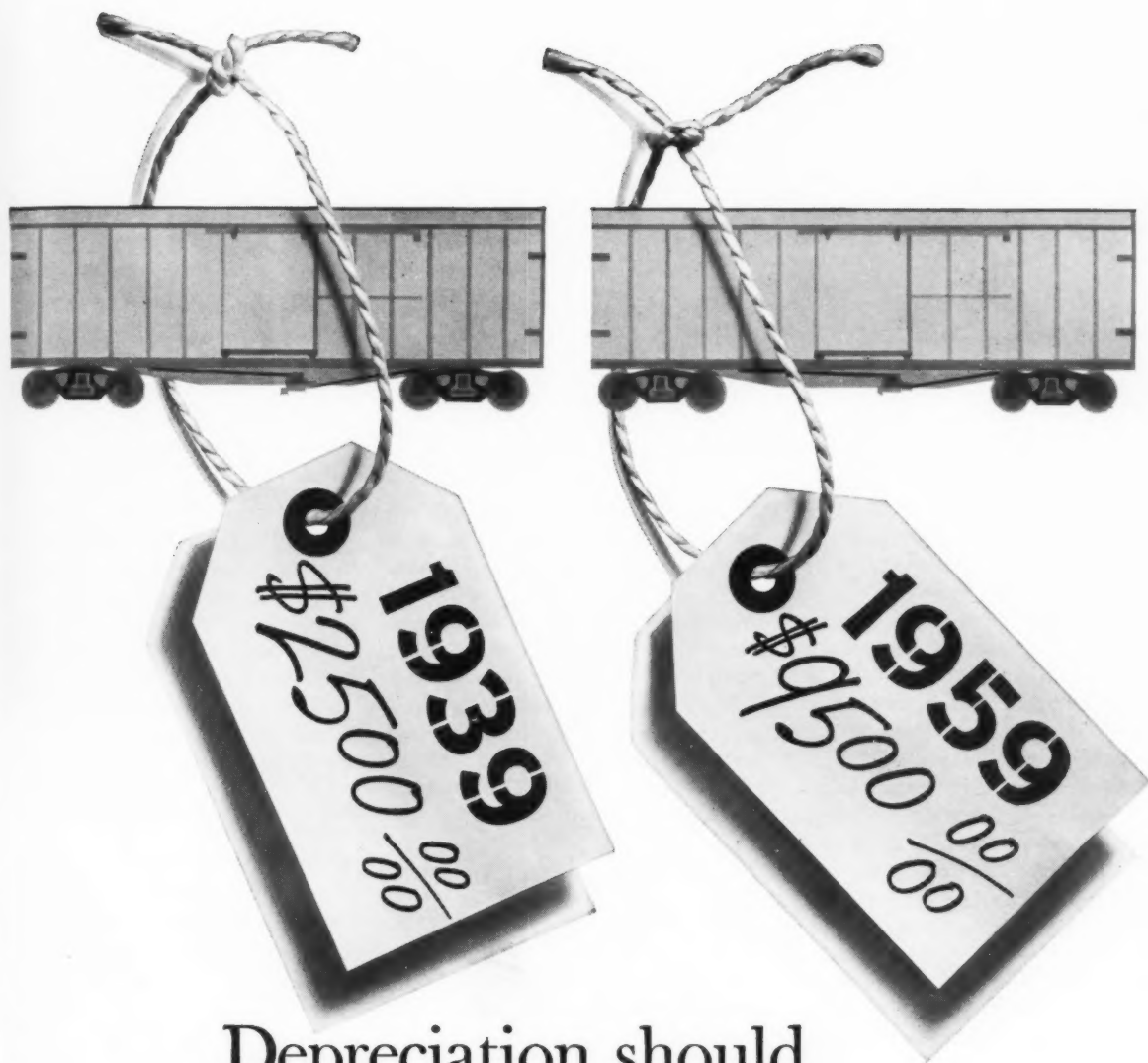
tion in public places. It was the heyday of the big-city machine and political bosses. Fortunately, over the years, public sensibilities were aroused and politics underwent a gradual housecleaning.

Bryce foresaw the virtual end of the crooked politician; our free press sealed his doom and it remained only a question of time before he would expire. The press, said Bryce, "is what the unclean politician has to fear," for through the press, "many abuses are unveiled and many more prevented by the fear of publicity." Bryce gets no argument there.

At the same time, even the most tolerant witness must agree that the American voter is still more inclined than he should be to condone sub-par performance in public office. Politicians are still shielded to some extent by the "fatalistic sentiment" (Bryce's term) that grows from Americans' "unbounded faith in their democratic system of government" and their confidence that, given the best of all pos-

Continued on Page 22

• ROBERT L. L. MCCORMICK is President of McCormick Associates Incorporated, Washington, D. C., and Research Consultant to the Citizens Committee for the Hoover Report. He was Vice President and Treasurer of Coates and McCormick Incorporated from 1952 to 1956. Mr. McCormick is a graduate of Yale (B.A., 1940) and attended Harvard Graduate School of Business Administration.. •



Depreciation should keep up with prices...but on the railroads, it doesn't!

On the railroads today, dollars recovered through tax depreciation go less than one third of the way toward the purchase of replacement equipment.

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A New Study Of Annual Reports

By Paul L. Watkins

● Annual reports are receiving increasing attention not only from stockholders but also from some of the general public—the group least familiar with terms used in financial circles. Whether the reader of an annual report is a business executive, a banker, investment counselor, investor or layman, the annual report should interpret the business organization's program understandably to each individual for his specific interest or purpose.

The annual report should explain for the stockholder, employee, other special groups, and general public, the relationships existing between the corporation and the investor, labor, dealer, and customer publics during the preceding fiscal period. Preferably it should discuss some of the current economic conditions, legislation and taxation, and the influence of these factors on the growth and development of the reporting business organization. Included in this discussion should be employee relations, operational activities, research projects and product development. To sell the business organization to the annual report reader, emphasis should be on the social, economic, financial, operation and production factors.

The average reader

The average reader of an annual report is not really "financial-minded." So the report has little interest to him if it places all achievements in the background for the scholarly presentation of hard-to-understand figures. For the average reader an annual report should have

some of the same appeals as "best seller" current event magazines.

Public relations people, accountants, and financial report writers seem to agree that annual report information should be readable, attractive and endowed with friendliness. Management wants the annual report to be read; and the report is valuable only if it is read, and the information in it is understood. If the report is dull and unattractive, a shining opportunity is lost.

HOW TO IMPROVE ANNUAL REPORTS:

1. Use readable type
2. Choose good, clear pictures
3. Simplify charts and graphs
4. Make use of color panels
5. Simplify earning statements

Specialists in the field of stockholder relations seem to be in general agreement concerning the information which stockholders want (or have a right to expect) in an annual report. Basically, these experts say, stockholders want to know whether the business is better off, the same, or worse off for having been managed by a certain group of executives during the year. Furthermore, stockholders want to know what the outlook is for the future of the corporation—particularly with respect to profit. Management also wants stockholders, potential stockholders, and employees to understand and appre-

ciate the operations of free enterprise in general and specifically as applied to the company involved.

Industry generally expects the annual report to create good will, to facilitate the acquisition of expansion capital (if needed), and to satisfy the stockholders that a given business is soundly managed.

Simplified earnings statement

The informal, or simplified, earnings statement is the kind most readily comprehended by readers untrained in accounting vocabulary. The fact that an annual report is attractive and friendly does not guarantee that its financial statement will be understood. Costly layouts cannot substitute for understandable financial information.

In an attempt to make financial data understandable, some companies have followed the practice of preparing simplified versions of their financial statements for their employees and stockholders. Such informal statements usually are in addition to the conventional statements. Formal account titles are supplemented by descriptive sentences in explaining accounting terms in every day language.

Eye-appeal factors

Attractive and readable type, extensive coverage of physical plants and equipment by means of pictures showing selected employees demonstrating their skills, color panels, simple graphs and charts adroitly used, are a few of the techniques that can sustain a reader's interest in information he might otherwise consider complex or dull.

Interest is created by graphic presentation of expenditures, simplified statements or dollar breakdown of the amount of money invested in each worker, and pictures of employees in working or recreational situations. Proper selection of pictures, drawings, graphs and colors can go far toward persuading a critical or complaining stockholder that a certain column of figures is not merely a list of vague expenditures.

To determine extent and frequency of eye-appeal factors employed in annual reports, a comparative analysis was made of 29 such reports. The following table shows the frequency with which certain eye-appeal factors were found. (See chart at right.)

Conclusions

No statistical applications are made of the data analyzed in the 29 annual reports examined, but a review of these reports revealed the following:

1. The one-line chart effectively pinpointed information and was the dominant type of chart found in the reports. However, nine reports contained charts too complicated to grasp. These charts were overloaded with information.
2. Approximately two thirds of the reports used simple bar graphs which were effective in presenting highlights of the operational activities.
3. Graphs in nine of the reports were poorly presented. These graphs were not purposeful in that they did not translate the information into understandable terms.
4. There was an over-emphasis on the statistical aspect in seven of the reports. A report heavily loaded with

EYE-APPEAL FEATURES OF 29 ANNUAL REPORTS		
Features	Number	Average Use
Drawings	40	1.3
Maps	15	0.5
Color Pictures	139	4.7
Reproduction of Advertisements	34	1.1
Charts:		
Pictorial Charts	14	0.4
Line Charts	53	1.8
Per Cent Band or Strata Charts	12	0.4
Pie Charts	8	0.2
Graphs:		
Bar Graphs	92	3.1
Component Bar Graphs	35	1.2
Pictograms	11	0.3

statistics frightens off the average reader.

5. In seven of the reports no effort was made to relate big figures. Not enough information was given to make the figures meaningful.

6. In one report there were too many color pictures crowded together on the front cover. These pictures had no unity or focal point of interest.

7. Drawings and maps were used sparingly—maps only where foreign holdings or nation-wide operations were shown.

8. An average of four-color pictures to each report indicates the popularity of this element.

9. Reproductions regarding raw materials, products, and advertisements usually appeared on the inside front cover, the inside and outside back cover of the report.

10. In several instances, where the report period ended on a round-number anniversary, the anniversary became a primary theme and was used on the front cover.

11. Seven reports consisted of a maze of type which had a tendency to slow up the reading. The type looked good individually but was too modern and too extreme in the use of serifs.

12. Fifteen of the reports had good text material which was easy to understand, but one report used a gray ink for the text which reduced the readability.

13. Good use was made of initial bold-face type leads. However, in seven of the reports, the mass of type

which followed made the reports look too difficult to wade through.

14. Creativity was shown in two thirds of the reports in the handling of colors and photography. These devices added life and vigor.

A glossary of financial terms on the last page of the annual report or a section on "How to Interpret Financial Reports" does not attract the average reader. If the average reader does not understand information at a quick glance, he is going to ignore it. He wants to understand the information—and now!

Improvements recommended

To aid in the simplification of annual report information, the following techniques are recommended:

1. Indexing that is informative, complete and accurate.
2. "Highlight" summary that explains factual information in concise and compact sentences—reduces or eliminates the bulky tabular material.
3. Friendly president's or chairman's letter that discusses clearly the accomplishments, problems and prospects of the organization.
4. Simplified charts with a caption line—don't try to tell too much.
5. The statistical review — use statistics sparingly.
6. Cash flow statement with explanation of how the figures are arrived at.

Continued on Page 12

• PAUL L. WATKINS received his B.S. degree from Bluefield State College, Bluefield, West Va., and an M.A. degree from West Virginia University, Morgantown, West Va. He has been a teacher of business education at Park Central High School, Bluefield, for 20 years and served as critic-teacher for Bluefield State College for 15 years. In 1959 he was awarded a summer study fellowship at West Virginia University by the Newspaper Fund Inc. •

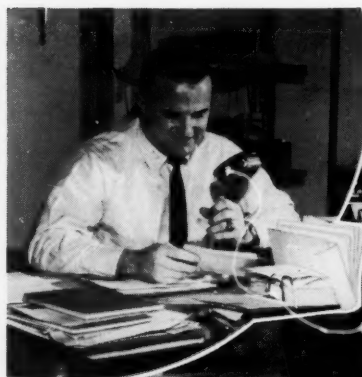
7. Comparative statements — dropping the columns showing percentage relationships.
8. Photography — an effective technique.
9. Dollar breakdown or simplified

fied earning statement—simplifies information for average reader.

10. List affiliation of directors, showing the stockholders the scope of experience guiding

the company's operations.

11. Lists of plants and products, also maps—give a picture of the operations.
12. An economic review—current economic problems dealing with factors that influence the future operations of the organization.
13. Statement of operating policies relative to stockholders, employees, customers and the public.
14. Available techniques for printing, color, photography and typography should be correlated for an artistic and creative report.



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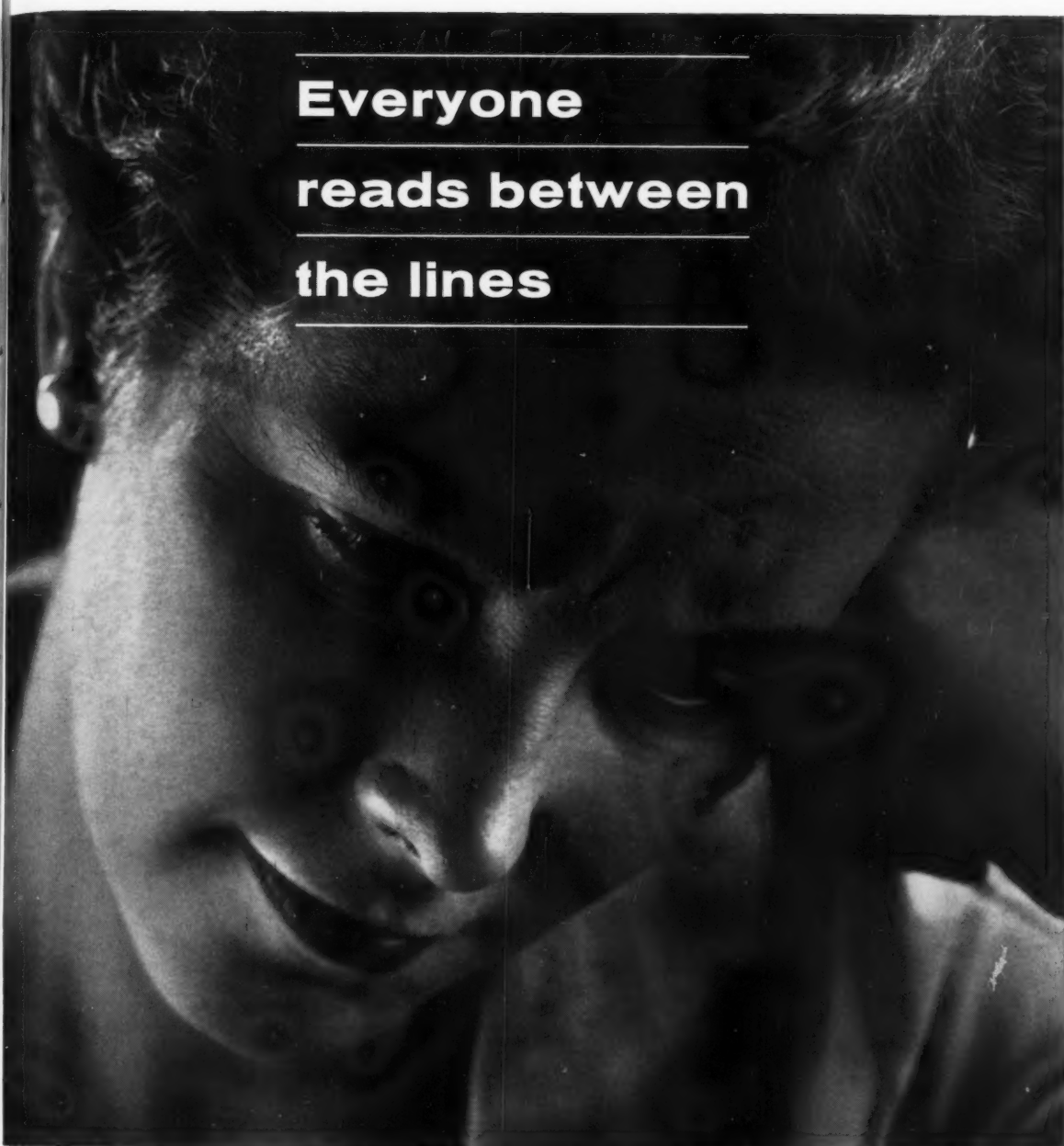
Send your change of address to the Circulation Department, *PUBLIC RELATIONS JOURNAL*, 375 Park Avenue, New York 22, before you move. And be sure to include your postal zone number if you have one.

Please allow one month for changes of address to be processed.

If the present annual reports are understood by an acceptable percentage of readers, then the present pattern of reporting should continue. If not, then a simplified pocket edition, so labeled, might be included with the regular report. The simplified edition could be enclosed in a "kangaroo" pocket of the annual report. This edition should be a condensed report written in language familiar to the average reader and not merely a supplement on how to interpret the comprehensive report. With this method it would be possible to satisfy those who view the annual report analytically as well as those seeking a general understanding of the company's financial and economic position.

The report writer should fortify the average reader with information on how well-off, how better-off, how worse-off, and how things shape up for the future. Thus the reader has sufficient information to interpret the organization's program in terms of his interest either as a part-owner or as a potential investor.

The problem of simplifying annual reports is a continuous responsibility of the report writers and public relations practitioners. Established techniques are available in sufficient quantity and quality to produce an understandable and attractive report. Employing available techniques with imagination and creativity can produce a readable, attractive and friendly annual report which will have many beneficial results. ●



Everyone reads between the lines

Portrait of a housewife judging a product. Her critical eye is scanning a booklet the manufacturer just sent her. What does she think of this product and the company that made it? That depends on what the company has to say, and especially, *the way* in which they say it. If the facts have been presented sincerely . . . if care has been taken in the design of the booklet . . . and if it reflects quality and good taste . . . most likely this housewife will be favorably impressed by the booklet, the product, and the company. To win respect, a company must disclose respect for its readers. *Respectful printing begins with a good printer.* See him early. The chances are he will specify Warren's printing papers. He will get better results with Warren papers . . . and so will you. *S. D. Warren Company, 89 Broad St., Boston, Mass.*

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Improving Public Relations Of Modern Banks

By George J. Watts

● There are only two ways to achieve what I like to term a "valid approach" to a public relations program for a modern bank.

One way is to place a good public relations man in charge, and teach him banking. Another is to turn the program over to a banker, and teach him public relations. I mention these points only because I believe there is cause for some concern about the scope and direction of the public relations programs of commercial banks.

After completion of a recent survey of leading banks in the nation, I am convinced that banks as a segment of industry have allowed their public relations programs to lag behind those of various other divisions of industry; and that bank public relations departments have not been allowed to match the progress shown by other departments in the banking industry itself.

The survey was used as the basis of a departmental workshop which I conducted at the 1959 Annual Con-



The public relations man's official status in the bank should be such that his opinions command respect.

vention of the Financial Public Relations Association in Bal Harbour, Fla.

The lead in the field of public relations communication has not been in the field of banking, but rather belongs to industrial corporations such as those in automobiles, airlines and steel. Similarly, within the banking industry, the lead in departmental growth and development belongs to Operations, Forms and Methods, and other purely technical divisions of banking. Bank public relations has simply not kept pace.

Reasons for lag

The reasons for these apparent shortcomings of bank public relations are basically two-fold. First, in a great many instances, there appears to be a lack of clear-cut lines of communication, authority and responsibility for administering public relations functions of many modern banks. Second, in actual practice, as it applies to numerous banks, public relations policies and procedures, it seems, are decided by men without the proper backgrounds and qualifications for making those decisions.

Bank management, as a whole, recognizes that it takes time, ability, and hard work to produce a good credit man, a good bookkeeper, or a good investment man. But too often, it is content to leave the task of telling the public about its credit services, its loan facilities, its investment ability and bookkeeping accuracy, in the hands of persons who not only are unskilled in the arts and crafts of public relations, but also who are sometimes antagonistic toward principles on which good public relations are based.

It is in the realm of centralizing public relations functions, determining what they are, and creating the organizations necessary to perform them more efficiently, that progress has been made. More is needed.

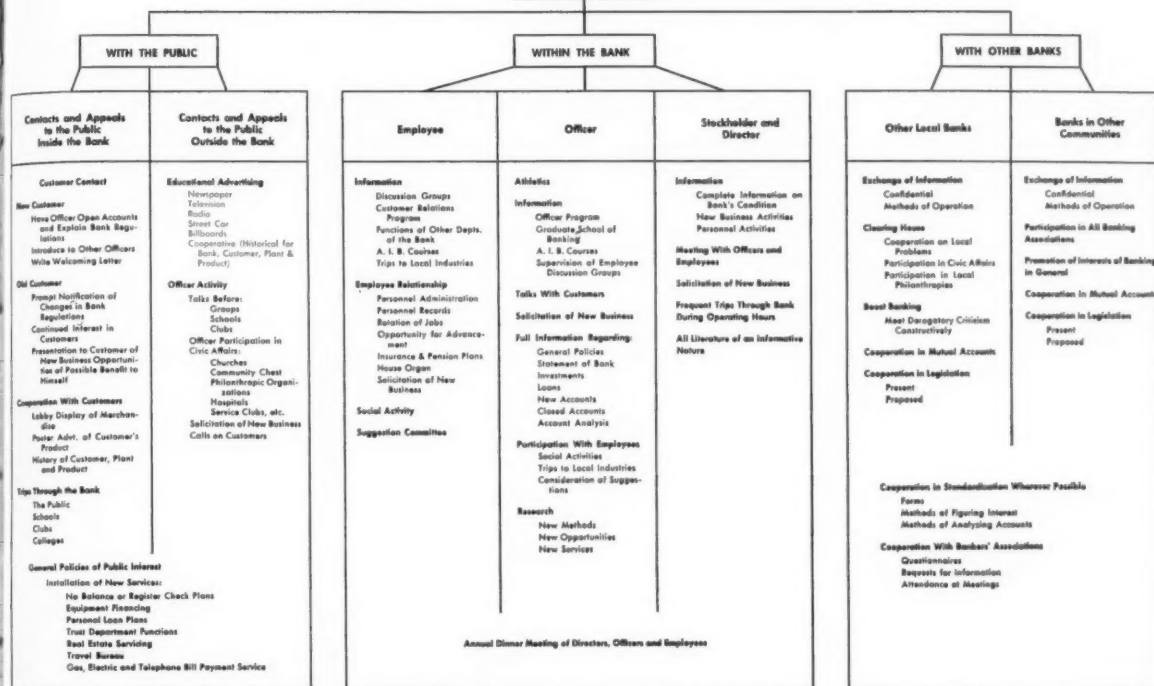
Elementary concepts outlined

There are certain basic, elementary concepts which determine whether or not a public relations organization in a bank can do its job, and do it properly. They might be outlined as follows:

1. The person selected to head the public relations operation should have sufficient background in communications, advertising or allied fields to speak with authority on the various ways of getting information before the public.
2. His official status in the bank should be such that his opinions will command at least some attention in high places.
3. There should be a clear and uninterrupted channel of contact and communication between those in very top executive posts of command and the person who heads the public relations operation. This is a most important point. If you compare a bank to a ship, then public relations is its rudder. And if the ship's captain had as many men between himself and the helmsman as there are between many bank presidents and public relations directors, then the craft would soon wind up on a mud-bank, stern-end-to-
4. There should be a reasonable determination of the duties of the public relations department, lest it be relegated to the position of being a "chore boy" for other departments, neglecting

A BANK'S PUBLIC RELATIONS PROGRAM

GENERAL OUTLINE



There are three basic areas to be considered in the organizational chart—two external, one internal.

its performance in areas which should lie within the province of public relations.

5. All public relations communications should be channeled through the same organization, so that the "voice" or "personality" of the institution—in other words, its "corporate image"—will always appear the same.

What is a corporate image? Accord-

ing to my definition, it is a combination of what the public sees, knows, and believes about your company and its operations.

Public relations projected outside

A bank cannot be any better than its people and its machines, except for one thing. It can be better if it has a well-planned and properly-executed public relations program. This program must project from within to those outside the bank. It is in effect, a communications program, extending to as many people outside as may be reached with the media at hand. Many banks have programs somewhat like that reflected in the organizational chart which accompanies this article. There are three basic areas to be considered; two external, one internal. Incidentally, this chart applies in principle not only to banks, but to almost any business or industry.

In order to be effective, the bank public relations program must be a continuing effort, not just a series of

starts and stops on individual projects. Ideally, it tends to coordinate the advertising, publicity, and other public communications of the corporation, under direct supervision of top executives of the company.

In preparation for my report, questionnaires were mailed to 125 banks which led the nation's banks in deposits at the end of 1958. It was gratifying to find that 86 of the banks in question found time to give detailed answers to the questionnaires, which were processed and tabulated.

The majority of reporting banks—some 65.1 per cent—listed vice presidents in charge of their public relations operations. Another 19.7 per cent listed assistant vice presidents in charge. One bank's public relations operation was headed by a second vice president; 2.32 per cent by assistant cashiers. Another 9.28 per cent reported public relations directors in various non-officer categories. For these minority levels, it would seem that the banks involved might consider up-grading their public relations chiefs. At the very minimum, it would

Continued on Page 16

• GEORGE J. WATTS is vice president in charge of Advertising and Public Relations for the Republic National Bank of Dallas, a post he has held since 1952.

He attended Temple University and later continued his studies in the American Institute of Banking, and at the New Jersey Bankers Association School of Public Relations, Princeton University.

He began his banking career with the Oxford Bank & Trust Company, Philadelphia, in 1923. Later, he became affiliated with the Corn Exchange Bank & Trust Company and the Girard Trust Corn Exchange Bank, also in Philadelphia. •

seem desirable that all public relations directors be official staff members of the banks involved.

However, it was in the matter of lines of responsibility that clear-cut direction was most lacking.

Many intermediaries

It was shown that in only 47.6 per cent of reporting banks is the public relations director directly responsible to the president or to the chairman of the board, without the intervention of various intermediaries.

Obviously, the other 52.4 per cent of the reporting banks have at least some degree of short-circuiting in their communications machinery. Moving away from percentages, let us examine the report of some individual banks by way of illustration of this point. As reflected in its questionnaire, one bank has a senior vice president in charge of business development, with the development department superimposed above the public relations department and several other divisions of the bank. Its public relations director, an assistant vice president, reports to



There should be a clear channel of contact and communication between those in top executive positions and the man who heads the public relations operation.

the vice president in charge of business development, who in turn reports to an executive committee. The executive committee winnows the grain one step further before it reaches the president.

Another bank with deposits in excess of \$1 billion, reports that it has two officers and 35 employees in its public relations department. Yet the vice president in charge of this shop can hardly turn a wheel until he has reported to four senior vice presidents, the president, and the chairman of the board.

Another phenomenon in bank reports

Another phenomenon noted in examination of individual bank reports was that many banks often delegate public relations responsibilities to officers who are specialists in other fields, such as credits or investments. In the main, it seems that these individuals carry out their public relations functions as a sideline operation, apart from their chief duties, which lie in some basic banking specialty.

A bank of any size would do well to engage a full-time director of public relations and/or advertising. It might be that the person selected would be a recent college graduate, with courses in advertising and marketing, journalism, or business administration, in his background. Whatever his official status or starting salary, I

believe the bank would be far better off if its public relations program enjoyed the full, undivided attention of at least one man.

In the final analysis, public relations is just as vital to the success or failure of a bank's program as are the activities of credit and loan administration. Yet, instead of a public relations or an advertising person reporting to top authority, we have four or five credit experts trying, because of top positions in the corporate organization, to tell what should be done about public relations.

This is true of operations, also, in many cases. Let automation come, but let the ones with public relations and communications experience tell the story to the public. The operations — business development — auditing — yes, the public relations officers — all should consult each other on communications that affect the bank. But external images should be painted by the public relations department, under the direction of the president or chairman of the board of the bank—who are, in most cases, and as it should be—the ones who decide policy and who administer the bank's program.

Public relations ability, the skills and arts of our trade, are nothing more nor less than *earning assets*. The bank which looks upon public relations know-how in this light is the one which will forge ahead of its neighbors, other things being equal. ●

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PUBLIC RELATIONS FOR BETTER RACE RELATIONS

By Leopold Lippman

● Public relations techniques can be used to promote sound race relations. This can happen, however, only if the same thought and skill are applied which public relations practitioners use on their other assignments. In the Pacific Northwest, thoughtful and skilled people are doing this — successfully.

Knowledge and understanding

The role of public relations is gaining recognition among the professional social workers who have responsibility for promoting good race relations. This is not surprising, inasmuch as both types of "relations" infer a knowledge and understanding of human relations.

● LEOPOLD LIPPMAN was born and educated in New York City, receiving his Bachelor of Science in Social Science from the City College of New York in 1939. Early in World War II he was a news analyst with the U. S. Office of Government Reports (subsequently OWI) and information specialist in the Office of Defense Health and Welfare Services.

Afterwards he held editorial and public information posts with the Research Institute of America, the Welfare Council of New York City and the Seattle-King County Community Chest and Council. Since 1949, he has been a free lance in writing, publicity and public relations, principally for non-profit welfare and health agencies, among them the Seattle Urban League. ●

What is surprising is that not until recently, so far as I have been able to determine, has public relations been the main theme of an annual report by a race-relations agency. The publication which developed this theme was "The Base of Diamonds," annual report of the Seattle Urban League.

For years, the executive director of the Seattle Urban League, Lewis G. Watts, has been alert and sensitive to the public relations implications of all of his agency's activities. The board of directors, for example, includes men and women of different races — and not all of them have been wholly sympathetic to the Urban League's way of doing things. It is safe to say, however, that by the time each board member finishes his term, he has new respect for the agency and for the problems with which it deals.

The annual meeting is an event which produces much public relations mileage for the Seattle Urban League. To begin with, there are 60 or more people on the ticket committee each year, not merely because it is expected that they will attend the affair themselves, but on the theory that so many volunteer salesmen are bound to make a positive impact on the community. Then, business firms and public agencies have been encouraged to send whole groups to the annual dinners, with the result that there have been reserved tables for employees of Frederick & Nelson, a major department store; for management officials of the Boeing Airplane Company, a Seattle-based firm; and for patrolmen of the Seattle Police Department.

The principal speakers at the annual meetings have consistently been

outstanding individuals, usually of national prominence. In recent years they have included Mrs. Winthrop Rockefeller and Robert W. Dowling.

No guest speaker at an Urban League affair should expect to get away with just an hour's stint after dinner. Newspaper, radio and television appearances are a part of each visitor's service—not only to build interest in the specific meeting but to leave a long-lasting impact on the whole city of Seattle. In addition to the attendance the prominent guests attract, the publicity they bring the event and the standing they give the Urban League, the agency makes use of them in other ways too.

Much of the Urban League's influence in the Seattle area is traceable to the status of its unpaid officers. The presidents in recent years have included the highly respected Episcopal Bishop of Olympia and political leaders of both parties.

With a limited printing budget—only \$1,000 a year for paper and printing, including letterheads and all the other office requirements—the Seattle Urban League makes each item travel a long way. Newspaper stories and editorials, for example, are reprinted inexpensively and distributed as mail stuffers and handouts at meetings. The annual reports are designed not only to record the achievements of a year, but to help interpret the continuing work of the organization; and the reports for several past years sit side by side on the distribution shelf, each reflecting a different aspect of the League's activity.

Thus the annual report, entitled "The Base of Diamonds," explores the

public information function of the Seattle Urban League; and it, in turn, has become a public relations tool.

Attitudes become objective facts, the Urban League report notes, "and . . . the problem is to bring the attitudes up-to-date, so that they correspond with the reality." Among the "avenues of communication" used by the Urban League, the report cites speaking engagements, formally organized conferences, printed and mimeographed materials "designed and distributed in a way that will be most effective," the mass media, displays and exhibits.

Evaluating the public relations efforts of the Urban League, "The Base of Diamonds" concludes with these words:

"The impact is immeasurable. A few broadcasts . . . a score of newspaper articles . . . a hundred speaking engagements . . . several thousand reprints. . . . It is impossible to say what effect any single item may have; but we can be certain that cumulatively they are valuable indeed."

The response of the community to this annual report was largely favorable. Typical was the editorial comment by the *Post-Intelligencer*: "We go along with the report's conclusion that public relations is only part of the job. And with its belief that it is, however, an essential part."

Hope for the future is expressed in these words from an editorial in the *Times*: "The Seattle Urban League has utilized many avenues of communication to overcome prejudice and to correct mistaken attitudes based on erroneous ideas. In these efforts the League reports good cooperation from local communication media and other agencies. We trust this will continue to be the rule, for this is an organization which performs valuable and useful service, benefiting the community as a whole."

The Seattle Urban League—among other agencies of its type—has learned from and adapted the techniques of commercial and other public relations practitioners to perform its essential task of creating more constructive public attitudes. ●

IN CANADA —

Some Things Are Different

Not to the untrained eye, perhaps, but to the man or woman of discernment there are obvious differences between the way of life in Canada and the United States.

American businessmen who seek to communicate with Canadian employees, suppliers, customers, government and the public soon find themselves baffled by undefinable Canadianese. Some even launch enterprises in Canada without knowing that almost a third of Canada's eighteen million people speak French.

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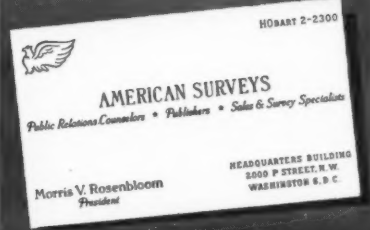
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NEW DIMENSIONS IN DIVIDEND NOTICES

By George Radding

● History will have praise for the public relations practitioner who helps management secure the vast capital it needs for improvement and expansion.

One area in which he is becoming more and more attuned is in financial public relations. He has found several newsworthy kinds of items a company can use to help improve its position in the capital market: Announcements of dividend, fiscal or financial notices, annual reports, and corporate image or financial public relations messages. In most companies these are top policy matters, decided, directed, developed and timed by the chief executive officer and financial management.

Competition is the culprit

Public relations people, brought in to communicate these significant matters to the various publics, often find even their experienced effort in disseminating the information does not bring about the desired favorable handling or satisfactory attention by the editors. Competition with many other companies making similar pronouncements for the little space available for this kind of news is usually the culprit. That is why in this field they are including a knowledgeable appreciation for and use of financial advertising as part of the overall communications job.

Dividend notices have been progressing from a simple declaration of the facts to effective messages using eye-catching illustration, excellent text emanating from top-management and public relations offices, and interesting type face and format.

Dividend notices once presented just the bare facts printed in small type and published in a minimum number of publications. Now, with new awareness, management in concert with the public relations practitioner has evolved more efficient and effective messages epitomizing management's thinking. Some have been integrated into the whole corporate communications effort, although most dividend notices are still issued from the Treasurer's office without full regard for the public relations values.

Why should dividend notices show

merely earnings and dividend payments when they can carry important news for the more than 12,490,000 investors and the 92,082 professional finance executives and institutions who influence them?

Some company officials may feel that the basic purpose of dividend notices is to attract new investors. However, many will agree that we're entering a new era of corporate character-building, where paid-for notices can be made an effective means of upbuilding the company in the national financial community.

"Corporate image" advertising

This is an area in which the public relations practitioner can profitably promote the interest of his company by arranging, recommending and budgeting for these small space "corporate image" advertisements to run frequently in selected publications.

Because the dividend notice can focus on corporate characteristics such as capability, flexibility, integrity, progressiveness, good citizenship or profit-making, it can control the small space used. It can time the frequency of repetition to specific audiences. It is a useful means of building and protecting the impression of what the corporation is and where its capabilities lie.

Few publications allot news space for "dividend" information or for much other business and financial news. Most of those publications that do place dividend information in their news columns, do so usually by cramming 20 or 40 companies together, using small type, in a space of four or

CLEVITE CORPORATION CLEVELAND, OHIO

is paying a dividend of 30 cents a common share on September 28, 1959. This is the company's 149th consecutive quarterly dividend.



NEWS AT CLEVITE:

Our precision products are included in every make of U. S. car, including all of the new "compact" models.

CLEVITE CORPORATION dividend notice focuses attention on something that is perhaps not known in financial circles.

five inches, single column. Thus public relations advertising helps to achieve special favorable recognition and desirable identification.

Some may want to use the dividend notice as a vehicle to sell "profit" as a mainspring of our free economy. A company can effect better understanding of its "profit" picture and put into investors' minds and mouths some facts of economic life.

After all, most workers think corporation profit is 21¢ of each sales dollar, whereas we know it is really only about 4¢. Most Americans believe that stockholders get the largest share of income produced by manufacturing industry. The majority is wrong!

Dividend notices, properly handled, can be made to excite new interest in a company. It can improve a company's position in the capital market. The recognition of a need to promote the company in this field is a growing trend. Essentially, the "capital market" is the market for present and future securities. But it is something more than that because it includes the way people feel and think about a company and its reputation in the financial community. These are intangibles, but vital.

A broad stockholder base is the start in the capital market. This market is vital and necessary to every corporation because of the "tight money" situation, inflation, and the need for money to expand company operations and research for surviving in competitive markets, both domestic and overseas.

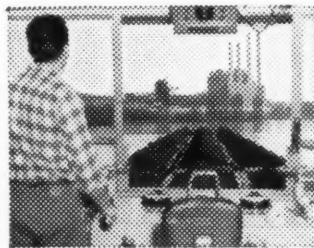
Whether a company is celebrating an anniversary, changing the company name, expanding markets or redesigning a package, these are ideas that can be made an integral part of dividend notices. Investors are interested in evidence of a company's sound management. The increasing use of these small advertisements, by both large



THE CHECK THAT'S BEEN MAILED EVERY YEAR FOR 107 YEARS

There's something solid about Cincinnati . . . and the great industrial area of which it's the center. Here we have a steady growth of widely diversified industry. Here, you find one of the nation's most skilled labor forces . . . with pride in its exceptionally high productivity rate. And it's hard to imagine

a more ideal location as a distribution center. All this has given the area's economy an enviable stability. It's not surprising that in such a community the Gas & Electric Company would reflect that same stability—with an unbroken record of stock dividends paid, every year, for 107 straight years.



The Ohio River, which carries 1½ times as much commercial tonnage as passes through the Panama Canal, is a great asset to the Cincinnati area. It will become even more important as the high lift dam program, now in progress, is completed.

THE CINCINNATI GAS & ELECTRIC COMPANY

107 years of unbroken
dividend history

DRAMATIZING A THEME, this dividend notice followed a smaller advertisement in Cincinnati Gas & Electric's campaign designed to point up the Company's unbroken record of stock dividends paid.

and small concerns, is evidence that they are valuable.

Although there are about 1000 corporations who do publish dividend notices in *Barron's* and the *Wall Street Journal*, there are more than 11,000 publicly-held companies listed on the New York Stock Exchange, the American Stock Exchange, the Regional Exchanges, and traded in the Over-the-Counter Market. Certainly there is much that can be learned by the financial fraternity and investors generally about the relationship that exists

between these other companies who do not publish dividend notices to reach their present and potential security holders and the capital market.

Finance can be the beginning and the end of a successful corporate trail, and the importance of the financial community in marshaling the tremendous capital resources which the American economy requires may become better appreciated every day.

Public relations practitioners are in the front line. Dividend notices put corporate reputation a step ahead. ●

• GEORGE RADDING, of *Barron's*, New York, has been on various staffs of Dow Jones & Co., the *Wall Street Journal* and *Barron's* for the past 20 years. For two years he was in General MacArthur's GHQ from Brisbane to Manila during his "return." ●

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Lord Bryce

Continued from Page 8

sible systems, all will be well in the
end.

Bryce compared public tolerance of
official incompetence with the charita-
ble tendencies of American juries
passing judgment on lawbreakers.
Whether this latter situation has
changed across the years is a matter
for future historians to determine.

Generally, Bryce felt that the
"quantity" and "endless hubbub" of
elections in the United States tended
to create a false atmosphere of pro-
gress, since "the pother and din of
American politics keep the people
awake and give them a sense of stir
and motion, but the machinery of gov-
ernment carries them slowly forward."

However, he was kind enough to
add that "fortunately, they have no
need to hurry."

Summing up

Lord Bryce identified many of the
durable and deep-rooted characteris-
tics of public opinion. For this we owe
him much; and the debt multiplies
when we turn to him for succor in a
moment of trial, and he does not fail.

Surely the public relations profes-
sional draws reassurance to learn, or
relearn, that "it is the habit of breath-
ing as well as helping to form public
opinion that cultivates, develops,
trains the average American."

Public opinion, Bryce believed,
serves to nourish the individual's
"sense of personal responsibility"
while stimulating "independence of
manner as well as of mind . . . a sense
of ownership in the government . . .
consciousness of responsibility . . .
laudable pride."

That, in case we need reminding,
makes public opinion something most
special, something not to be tampered
with, to be approached with honesty
and discretion and only by those mind-
ful that public opinion as we know it
on these shores is a priceless national
asset — and the unflinching measure
of how well we carry out our own
responsibilities. ●

To OWNERS of PUBLIC RELATIONS FIRM . . .

Place yourself in the position of a
prospect seeking information on
"who is who" in public relations.

How can a prospect find out about
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Chances are he will consult the
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want to know . . .

HAVE YOU

tested and compared hundreds of
plans and ideas?

DO YOU

employ top talent?

IN SHORT,

is your firm a storehouse of public
relations experience, proved prin-
ciples and methods?

IF SO,

why not focus his attention upon
your firm by using a display ad-
vertisement in the 1960-61 Edi-
tion of the PUBLIC RELA-
TIONS REGISTER.

(see opposite page)

This is your once-a-year opportu-
nity to highlight your services and
create greater awareness of your
firm.

(see opposite page)

Books in Review

BACON'S PUBLICITY CHECKER, 1960 Edition, Bacon's Clipping Bureau, Chicago, \$25.

• An interesting new feature of the 1960 *Bacon's Publicity Checker* is the addition of a revision service which will enable its users to keep the Checker up-to-date throughout the year. Revisions, to be published in February, May and August, will be designed to fit into the spiral binding of the book.

The 1960 edition contains some 3,600 changes in listing information, including new addresses, personnel, issuance dates, circulation statistics, publishers. In all there are 3,567 business, trade consumer and farm publications represented in this handy tool.

The *Publicity Checker* is available on approval from Bacon's Clipping Bureau, 14 E. Jackson Blvd., Chicago. •

THE HISTORY AND ORIGIN OF LANGUAGE, by Dr. A. S. Diamond, Philosophical Society, New York, 1959, 280 pp., \$7.50.

• The author in this book writes for the intelligent layman as well as the linguist. He establishes the true nature of language, its function and structure in present-day society. The changes and developments in word forms and their meanings plus the purposes of many languages of civilized and primitive people are dealt with in an erudite fashion by someone who is obviously an expert on speech. •

COURSE IN GENERAL LINGUISTICS, by Ferdinand De Saussure, Philosophical Library, Inc., New York, 1959, 240 pp., \$6.

• Translated from French by Wade Baskin, this work presents the fruits of de Saussure's pioneering studies in general linguistics. A wide range of topics is covered: phonemics, the linguistic sign, opposition, value, synchronics, diachronics, etc. This is a scholarly presentation of the science of language. •

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Communications In the Jet Age

EDITOR'S NOTE: The following quotes are excerpted from a speech made by T. S. Repplier, President of The Advertising Council, before the International Executive Management Conference.

● "With the rise of communist China as a great power, a new tide of communist propaganda flows southward and throughout southeast Asia. In Hong Kong, one can gather samples of excellent Chinese magazines in many languages — news magazines, picture magazines, children's magazines, women's magazines and think magazines — all loaded with propaganda. These, as well as millions of books, flow through the uncommitted Asian countries, many of which have a considerable Chinese population.

"In India, the communist party is strong and well-heeled. It is not unusual to see a shouting parade of Indians of the poorest classes, led by a man on a bicycle with a huge hammer and sickle flag, end up at an imposing communist building which is one of the handsomest in New Delhi.

"Communist books in English often sell for a few cents in India and other Asian countries, and are eagerly used by the millions anxious to learn English. But books produced in America must sell for prices far out of reach for most natives.

"Our apparatus of overseas propaganda is spread thin around the world. The USIA does the best it can, and many of its people are dedicated men. But we are trying to stem a rising tide in Asia and in Africa. Fanatical nationalism, resentment against centuries of white domination, jealousy of our power and wealth, all work against our cause.

"But our most fearful handicap, in my opinion, is that to many of the world's people, we are on the side of the forces of darkness. We have allowed ourselves to be put in a sad moral position. To millions of people, the communists are the "goods" and we are the "bads." We are the leading

capitalists and capitalists are exploiters of the poor and oppressors of the downtrodden.

"A democracy is at a serious disadvantage in the propaganda battle. A police state has a party line and speaks with one voice. We speak with a thousand voices.

"If we are to win this struggle, we shall need to pull in our belts and muster every resource we possess.

"Not the least of these resources is our American skill in communications." ●

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how do you find opinion leaders?

One good way is to ask the people whose business it is to listen to opinion leaders before making important decisions. Members of Congress, for example. NATION'S BUSINESS showed each member of Congress a list of NATION'S BUSINESS subscribers from his home district and asked these questions:

"Do you know these men? Do they take an interest in national affairs? Do they express their opinions to you? Have they influence in your community?"

The answers ranged from a simple "yes" to things like:

"Yes . . . yes . . . many of them are among the most influential."

"These people are well-known to me. They are highly respected and influential residents of the community."

"I am personally acquainted with each one of the persons whose names you enclosed; regard them as among the most active and progressive businessmen in my town. They consult with me when I am home and express interest in the work of Congress. They are all men of influence."

how do you sway opinion leaders?

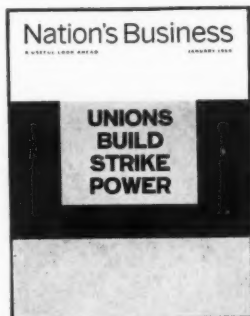
A good way is to present your story to them at a time when they're interested in hearing what you have to say.

When they're reading NATION'S BUSINESS, for example. Some 750,000 of them—turn to NATION'S BUSINESS for information that is vital in the conduct of their own business . . . for what's going on in Washington that will affect their business . . . for a useful look ahead on the national and community issues that can affect their business . . . and for solutions to specific business problems they can adapt to their own business.

NATION'S BUSINESS, because it is dedicated to building

a better-informed "electorate" of business leaders . . . to recruiting more active participants in national and community affairs . . . to making America's business-owners stronger influences on legislation—and more successful businessmen . . . is an ideal vehicle for any public relations advertising which has one or more of the same objectives.

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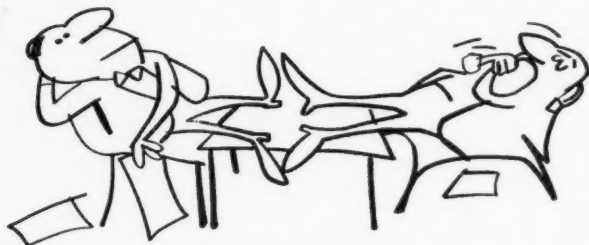
"Jones, let's give our people some real inspiration this year . . . do something really different."



"Johnson, let's do something new sometime at the Company meeting."



"Smith, we'd better start working on another meeting preparation."



"Biggs, get going on the meeting. Use last year's routine as the guide."

There's been a lot of enthusiasm lost along the way. And the pity is that the lack of enthusiasm will probably carry right over to the people you want to get the message. There is a way, however, to capture top level thinking and pass it on intact. Our business is to help you do the job. For complete details contact

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